

tion; and the remainder is divided in the proportions of one-third to the Confederation and two-thirds to the cantons.

The new law provided that the local banks should retire their circulation within three years after the National Bank should have begun operations. The method of doing this was the same as in reducing circulation under the banking convention of 1900—by the surrender to the inspectorate of notes to the amount of one-twelfth of outstanding circulation at the end of every quarter. In case the notes could not be obtained, a corresponding amount of specie was to be surrendered. The notes were directed to be destroyed; the specie was transferred to the National Bank for the redemption of the notes when received. The National Bank was directed to aid the local banks in liquidating their note issues by advances on bonds and in other ways. Thus, from June 20, 1910, the history of the Swiss local banks will be practically closed as banks of issue, and exchange in Switzerland will be under the control of a central bank, as in most other European countries. Hence, the figures of the circulation of the local banks, which were steadily growing down to the close of 1906, already began to show the effects of the new regime at the close of 1907.

The average circulation of the local banks increased from 66,973,000 francs, or 24.30 francs (\$4.70) per capita for the ten years ending with 1880, to 120,964,000 francs, or 42.65 francs (\$8.23) per capita for the ten years ending with 1890, and 187,330,000 francs, or 59.15 francs (\$11.41) per capita for the ten years ending with 1900. The average circulation for the year 1880 was 92,851,000 francs; for 1890, 152,244,000; for 1900, 228,865,900; and for 1906, 240,569,159 francs. The cash held did not vary greatly in the last few years before the creation of the National Bank, having been 108,999,979 francs in 1900, and 120,102,863 francs in 1906. At the close of 1907 circulation had fallen to 131,435,000 francs and cash to 59,446,000 francs.

The circulation of the National Bank stood on December 31, 1907, including notes of the local banks in process of retirement, at 159,220,050 francs (\$30,730,000), and its cash